



## JOHN MORRELL & CO

### CONFIDENTIAL - OUTLINE

### LEDGER HOG CONTRACT

- \* Ledger contract is based on cost index.
- \* Cost index is the sum of nearby CBOT corn futures and soymeal futures.
- \* Cost index sets the floor price.
- \* Floor price is set based on monthly average futures close.
- \* Index has an upper and lower limit.

<u>Index</u>	<u>Contract Floor Price</u>
7500	50.0
7250	49.0
7000	48.0
6750	47.0
6500	46.0
6250	45.0
6000	44.0
5750	43.0
5500	42.0
5250	41.0
5000	40.0
Ex: July Corn	5100
July Meal	<u>2450</u>
TOTAL	7550

- \* Upper Limit: 7500 that is equal to <sup>50.0</sup>~~48.0~~/cwt.
- \* Based Hog Price: Iowa & Southern Minnesota plant delivered average.